

KINGDOM OF BAHRAIN  
MINISTRY OF EDUCATION  
DIRECTORATE OF EXAMINATIONS /CENTRAL EXAMINATION SECTION

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**RESIT EXAM 2017/2018**

**MODEL ANSWERS**

**COURSE NAME:** ACCOUNTING (3)

**TRACK:** توحيد المسارات

**COURSE CODE:** 213 ما

**TIME:** 1.5 Hours

**QUESTION ONE:**

The following ledger accounts for Asma Est, during Dec 2016, are posting from closing entries except one ledger.

22X1/2

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| Name of Account: Service Revenues |                |    |        |        |         |
|-----------------------------------|----------------|----|--------|--------|---------|
| Date                              | Explanation    | PR | Debit  | Credit | Balance |
| Dec 12                            | Cash           |    |        | 8,500  | 8,500   |
| Dec 18                            | Cash           |    |        | 6,500  | 15,000  |
| Dec 31                            | Income Summary |    | 15,000 |        | 0       |

| Name of Account: Unearned Service Revenues |             |    |       |        |         |
|--|-------------|----|-------|--------|---------|
| Date                                       | Explanation | PR | Debit | Credit | Balance |
| Dec 16                                     | Cash        |    |       | 4,000  | 4,000   |
| Dec 18                                     | Cash        |    |       | 3,000  | 7,000   |

| Name of Account: Rent Expense |                |    |       |        |         |
|-------------------------------|----------------|----|-------|--------|---------|
| Date                          | Explanation    | PR | Debit | Credit | Balance |
| Dec 19                        | Cash           |    | 6,000 |        | 6,000   |
| Dec 31                        | Income Summary |    |       | 6,000  | 0       |

| Name of Account: Wages Expense |                |    |       |        |         |
|--------------------------------|----------------|----|-------|--------|---------|
| Date                           | Explanation    | PR | Debit | Credit | Balance |
| Dec 28                         | Cash           |    | 4,000 |        | 4,000   |
| Dec 31                         | Income Summary |    |       | 4,000  | 0       |

| Name of Account: Electricity Expense |                |    |       |        |         |
|--------------------------------------|----------------|----|-------|--------|---------|
| Date                                 | Explanation    | PR | Debit | Credit | Balance |
| Dec 15                               | Cash           |    | 3,000 |        | 3,000   |
| Dec 31                               | Income Summary |    |       | 3,000  | 0       |

| Name of Account: Advertising Expense |                |    |       |        |         |
|--------------------------------------|----------------|----|-------|--------|---------|
| Date                                 | Explanation    | PR | Debit | Credit | Balance |
| Dec 14                               | Cash           |    | 5,000 |        | 5,000   |
| Dec 31                               | Income Summary |    |       | 5,000  | 0       |

| Name of Account: Drawings |             |    |       |        |         |
|---------------------------|-------------|----|-------|--------|---------|
| Date                      | Explanation | PR | Debit | Credit | Balance |
| Dec 17                    | Cash        |    | 2,600 |        | 2,600   |
| Dec 31                    | Capital     |    |       | 2,600  | 0       |

**REQUIRED:**

- 1- Prepare the closing entries that were made from the previous ledger accounts.
- 2- Post the closing entries to the ledger of **Income Summary Account and Capital Account**, assuming that the balance of capital is BD35,000.

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|        | Explanation           | Debit (BD) | Credit (BD) |
|--------|-----------------------|------------|-------------|
| Dec 31 | Service Revenues /    | 15,000     |             |
|        | Income Summary /      |            | 15,000      |
| Dec 31 | Income Summary /      | 18,000     |             |
|        | Rent Expense /        |            | 6,000       |
|        | Wages Expense /       |            | 4,000       |
|        | Electricity Expense / |            | 3,000       |
|        | Advertising Expense / |            | 5,000       |
| Dec 31 | Capital /             | 3,000      |             |
|        | Income Summary /      |            | 3,000       |
| Dec 31 | Capital /             | 2,600      |             |
|        | Drawings /            |            | 2,600       |

- 2- Post closing entries to the ledgers of income summary and capital accounts.

| Name of Account: Income Summary |             |    |         |         |           |
|---------------------------------|-------------|----|---------|---------|-----------|
| Date                            | Explanation | PR | Debit   | Credit  | Balance   |
| Dec 31                          | Revenues    |    |         | /15,000 | /15,000   |
| Dec 31                          | Expenses    |    | /18,000 |         | /3000 Dr. |
| Dec 31                          | Capital     |    |         | /3,000  | /0        |

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| Name of Account: Capital |                |    |        |        |         |
|--------------------------|----------------|----|--------|--------|---------|
| Date                     | Explanation    | PR | Debit  | Credit | Balance |
| Dec 31                   | Balance        |    |        |        | /35,000 |
| Dec 31                   | Income summary |    | /3,000 |        | /32,000 |
| Dec 31                   | Drawings       |    | /2,600 |        | /29,400 |

**QUESTION TWO:**

You are **required to prepare journal entries for a petty cash book** of Hassan Est, for the following transactions occurred during the first week of July 2017. (Using the following analysis Postage Expense, Travelling Expense and Other Expense in your answer).

6X1

6

- July 1: Balance in hand BD40.000.  
 July 2: Paid for bus fares BD7.000.  
 July 3: Paid for postage stamps BD5.400.  
 July 4: Paid for tea & coffee BD2.900.  
 July 5: Paid for bus fares BD3.000.  
 July 6: Paid for cleaning supplies BD6.100.  
 July 7: Received from the chief cashier BD24.400.

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|---|--|--------------------------------------|---------------|----------------|
| July 6  |  | Postage Expense /                    | 5.400         |                |
|   |  | Travelling Expense (7.000 + 3.000) / | 10.000        |                |
|   |  | Other Expense (2.900 + 6.100) /      | 9.000         |                |
|   |  | Petty Cash /                         |               | 24.400         |
| July 7  |  | Petty Cash /                         | 24.400        |                |
|   |  | Cash /                               |               | 24.400         |
|   |  |                                      |               |                |



**QUESTION THREE:**

15×1

On May 31 2017, Reem Company has the following information concerning its bank account.

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- 1- Balance as per cash account BD17,400.
- 2- Balance as per bank statement BD15,200.
- 3- Unpresented checks are:  
Check No#712 for BD1,700 and Check No#715 for BD1,300.
- 4- NSF check of Bedoor for BD580.
- 5- Bank services charge for BD70.
- 6- Deposits in transit for BD3,800.
- 7- Checks received No#1158 of BD6,900 for sales goods has been recorded in cash account as BD9,600 and check No#1160 of BD7,500 as BD5,700 for rent revenue.
- 8- Interest earned by the bank not entered in cash book BD150.

**REQUIRED:**

Prepare the bank reconciliation statement for the month ended June 30 2017.

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Reem Co. / .

Bank Reconciliation Statement /

for the month ended May 31 2017 /

|   |         |                |
|---|---------|----------------|
| Balance as per bank statement ▲               | /15,200 |                |
| Add: Deposit in transit                       | /3,800  |                |
|   |         | 19,000         |
| Less: Unpresented Checks:                     |         | (-)            |
| No#712  | /1,700  |                |
| No#715  | /1,300  | 3,000          |
| <b>Adjusted balance as per bank statement</b> |         | <b>/16,000</b> |
| Balance per cash book                         | /17,400 |                |
| Add: Error Check No#1160 (7,500-5,700)        | /1,800  |                |
| Interest Earned                               | /150    | 19,350         |
|   |         | (-)            |
| Less: NSF Check                               | /580    |                |
| Bank Services Charge                          | /70     |                |
| Error Check No#1158(9,600 – 6,900)            | /2,700  | 3,350          |
| <b>Adjusted balance as per cash book</b>      |         | <b>/16,000</b> |
|   |         |                |

**QUESTION FOUR:**

The following information related to purchases and sales for the period ended on Dec 31 2017.

|      |
|------|
| 11x1 |
| 11   |

Beginning Inventory 7,000 units @ BD5 each.  
 Purchases 10,000 units @ BD8 each.  
 Sales 8,500 units @ BD16 each.

**REQUIRED:**

Calculate **Cost of Ending Inventory** during the period under a periodic inventory system using: a) FIFO Method b) LIFO Method

**a) Cost of Ending Inventory (FIFO Method)**

| Units   | Unit Cost (BD) | Total Value (BD) |
|---------|----------------|------------------|
| 8,500 / | 8 /            | 68,000 /         |
|         |                |                  |
|         |                |                  |

**b) Cost of Ending Inventory (LIFO Method)**

| Units   | Unit Cost (BD) | Total Value (BD) |
|---------|----------------|------------------|
| 7,000 / | 5 /            | 35,000 /         |
| 1,500 / | 8 /            | 12,000 /         |
| 8,500 / |                | 47,000 /         |

**QUESTION FIVE:**

You are **required to complete** the following table of **Balance Sheet** by using the **Vertical Analysis**.

|     |
|-----|
| 7x1 |
| 7   |

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| Account                        | Amount           | Calculation                         |     |     | %            |
|--------------------------------|------------------|-------------------------------------|-----|-----|--------------|
|                                |                  | 1/4                                 | 1/4 | 1/4 |              |
| Current Assets                 | 150,000          | $(150,000 \div 500,000) \times 100$ |     |     | 30 /         |
| Fixed Assets                   | 350,000          | $(350,000 \div 500,000) \times 100$ |     |     | 70 /         |
| <b>Total Assets</b>            | <b>500,000</b>   | $(500,000 \div 500,000) \times 100$ |     |     | <b>100 /</b> |
| Liability                      | 60,000           | $(60,000 \div 500,000) \times 100$  |     |     | 12 /         |
| <b>Total Owner's Equity</b>    | <b>440,000 /</b> | $(440,000 \div 500,000) \times 100$ |     |     | <b>88 /</b>  |
| <b>Total Liability and O.E</b> | <b>500,000</b>   | $(500,000 \div 500,000) \times 100$ |     |     | <b>100 /</b> |

**END OF ANSWER EXAM**